



CPA & CONSULTING
SERVICES, LLC

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DR. M.W. MCCALED EDUCATIONAL FUND, INC.

Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2010

Deemer CPA and Consulting Services, LLC

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 16 2011

Dr. M.W. McCaleb Educational Fund, Inc.
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BRENDEL W. DEEMER, CPA
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Independent Auditor's Report

To the Board of Directors of Dr. M.W. McCaleb Educational Fund, Inc.:

I have audited the accompanying statement of financial position of Dr. M. W. McCaleb, Inc. (McCaleb, a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the fiscal year then ended. These financial statements are the responsibility of McCaleb's management. My responsibility is to express an opinion of these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

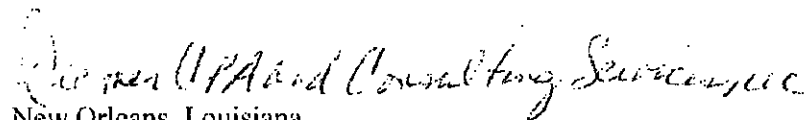
Land and Buildings included a \$ 156,306 unverifiable amount as noted in the fixed assets detail provided by the agency.

In my opinion, except for the agency's unclear determination of the \$156,306 included in the land and buildings balance, the financial statements referred to above present fairly, in all material respects, the financial position of the Dr. M.W. McCaleb Educational Fund, Inc. and the results of operations and its cash flows for the year then ended December 31, 2010, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 20, 2011, on my consideration of McCaleb's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the financial statements of McCaleb taken as a whole. The accompanying schedule of expenditures of federal awards, which is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of federal financial assistance are presented for purposes of additional analysis and is not a required part of the financial statements of the organization. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Robert W. Anderson Consulting Services, LLC
New Orleans, Louisiana
September 20, 2011

Dr. M.W. McCaleb Educational Fund, Inc.
Statement of Financial Position
As of December 31, 2010

Assets

Current Assets	
Cash	\$ 59,718
Grant Receivable	<u>83,954</u>
Total Current Assets	<u>143,672</u>
Fixed Assets	
Land and Building	\$ 893,029
Office Equipment and Furniture	1,442
Less: Accumulated Depreciation	<u>(506,997)</u>
Total Fixed Assets	<u>387,474</u>
Total Assets	<u>\$ 531,146</u>

Liabilities and Net Assets

Current Liabilities	
Accounts Payable & Accrued Expenses	\$ 13,629
Notes Payable-Current	<u>30,961</u>
Total Current Liabilities	44,590
Long Term Liabilities	
Notes Payable-Long Term	<u>244,029</u>
Total Liabilities	\$ 288,619
<u>Net Assets</u>	
Unrestricted	<u>242,527</u>
Total Net Assets	<u>242,527</u>
Total Liabilities and Net Assets	<u>\$ 531,146</u>

The accompanying notes are an integral part of these financial statements

Dr. M. W. McCaleb Educational Fund, Inc.
Statement of Activities
For the Year Ended December 31, 2010

	<u>Unrestricted</u>
Revenues and Other Support	
Governmental Grants	\$ 384,406
Program Income	<u>25,760</u>
Total Revenues and Other Support	<u>\$ 410,166</u>
Expenditures	
Program Services	\$ 510,398
Support Services	<u>37,078</u>
Total Expenditures	<u>547,476</u>
Change In Net Assets	\$ (137,310)
Net Assets At Beginning Of Year	<u>379,837</u>
Net Assets At End Of Year	<u><u>\$ 242,527</u></u>

The accompanying notes are an integral part of these financial statements.

Dr. M.W. McCaleb Educational Fund, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows From Operating Activities:

Changes in Net Assets	\$ (137,310)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	31,095
Changes in Operating Assets and Liabilities	
Grant Receivable	254,070
Accounts Payable & Accrued Expenses	<u>13,629</u>
Net Cash Provided by Operating Activities	161,484

Cash Flows From Investing Activities:

Purchase of Real Property and Improvements	<u>(86,825)</u>
Net Cash Used in Investing Activities	(86,825)

Cash Flows From Financing Activities:

Loan Repayment	(44,634)
Net Cash Provided by Financing Activities	<u>(44,634)</u>
Net Cash Increase for Period	30,025
Cash, At Beginning of Period January 1, 2010	<u>29,693</u>
Cash, At End of Period December 31, 2010	<u><u>\$ 59,718</u></u>

The accompanying notes are an integral part of these financial statements.

Dr. M.W. McCaleb Educational Fund, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2010

1. Summary of Significant Accounting Policies

General: The Dr. M.W. McCaleb Educational Fund, Inc. (a non-profit corporation) was established in 1988. The organization's primary purpose is to provide affordable housing, revitalize communities within its established boundaries in New Orleans, Louisiana and create a viable community for residents.

Dr. M.W. McCaleb Educational Fund, Inc. administered the following programs:

Unity for the Homeless Shelter Plus Contract: Dr. M.W. McCaleb Educational Fund was awarded contracts by Unity for the Homeless for the periods July 1, 2009 through June 30, 2010 and July 1, 2010 through June 30, 2011 to provide housing and supportive services on a long-term basis for homeless persons with disabilities, (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and acquired immunodeficiency syndrome (AIDS) or related diseases) and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities.

Louisiana Road Home Grant: The Louisiana Road Home Grant through the Louisiana Department of Homeland Security awarded a grant to the Dr. M.W. McCaleb Educational Fund, Inc. to rehabilitate rental facilities damaged by Hurricane Katrina. The rental units are to provide affordable and decent housing to homeless individuals.

Basis of Accounting – McCaleb's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment – Improvements which significantly extend the useful life of an asset and purchases of buildings, land, and equipment are capitalized. The straight line method of depreciation is used for the assets owned by McCaleb. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes – McCaleb has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Use of Estimates- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Functional Expenses – Expenses are charged to each program based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to a program based on management's estimates.

Cash - Cash is comprised of cash on hand and in banks.

2. Net Assets

A description of the three types of Net Assets categories is described below:

Unrestricted net assets are comprised of funds without donor-imposed restrictions. The revenues received by McCaleb and expenses incurred are included in this category.

Temporarily restricted net assets include income, gifts, and contributions which have temporary restrictions that have not been met.

Permanently restricted net assets include income, gifts, and contributions which have donor-imposed restrictions to be invested in perpetuity and only the income from those investments can be made available for program operations.

As of December 31, 2010, McCaleb had unrestricted net assets.

3. Grant Receivable

Grant receivable consists of several outstanding payments from the Shelter Plus program grant which totaled \$ 83,954.00. These amounts are deemed collectible as such, there has been no adjustment made to an allowance for doubtful accounts.

4. Economic Dependency

Dr. M.W. McCaleb Educational Fund, Inc. receives its funding from government grants. The continuance of this program is dependent upon the agency's ability to gain renewal of contracts and grants as well as to obtain new funding.

5. Board of Directors Compensation

The board of directors operates on a voluntary basis, as such there were no payments made to any board member during the year ended December 31, 2010 for services.

6. Program Income

The agency has \$25,760 in program income from rental fees associated with its Shelter Plus program.

7. Loans-Related Party Transaction

The Organization has an agreement with Progressive Baptist Church for a loan incurred for the purpose of renovations and repairs. The Church is the guarantor of the loan with the local banking institution and is ultimately responsible for the repayment of the principle. However, the Organization has provided property to collateralize the loan and has signed a legal document obligating them to repay the Church. The terms of the agreement between the Church and the organization are as follows:

Loan origination date	June 23, 2007
Original Loan Amount	\$350,000
Interest rate of 9% APR	
10 years	
Balance at December 31, 2010	\$274,990

The maturity of the long-term debt is as follows:

<u>Year</u>	<u>Amount</u>
2011	30,961
2012	33,866
2013	37,043
2014	40,518
2015 and thereafter	<u>132,602</u>
Total	<u>\$274,990</u>

Interest expense for the long-term debt was \$28.695 at December 31, 2010.

SUPPLEMENTAL INFORMATION

	Program Services			Support Services	Total
	FEMA	Shelter Plus	Total Program Services	General & Administrative	
Expenditures					
Building Repairs	\$ 164,819	\$ 146,855	\$ 311,674	\$ -	\$ 311,674
Depreciation	0	30,755	30,755	340	31,095
Maintenance	0	960	960	0	960
Utilities	0	45,051	45,051	0	45,051
Insurance	0	5,394	5,394	0	5,394
Telephone/Internet	0	939	939	218	1,157
Travel	0	1,400	1,400	0	1,400
Rental Assistance	0	32,579	32,579	0	32,579
Program Supplies	0	430	430	0	430
Office Supplies	0	308	308	815	1,123
Equipment	0	300	300	0	300
Dues and Subscriptions	0	1,000	1,000	0	1,000
Contributions	0	0	0	4,350	4,350
Conferences & Seminars	0	1,164	1,164	0	1,164
Counselors	0	27,594	27,594	0	27,594
Contracted Services	0	50,850	50,850	2,660	53,510
Interest Expense	0	0	0	28,695	28,695
Total Expenditures	\$ 164,819	\$ 345,579	\$ 510,398	\$ 37,078	\$ 547,476

See Independent Auditor's Report.

Dr. M.W. McCaleb Educational Fund, Inc.
Schedule of Governmental Financial Assistance
For the Year Ended December 31, 2010

<u>Grantor</u>	<u>CFDA Number</u>	<u>Revenues</u>	<u>Expenses</u>
*U.S. Department Of Housing and Urban Development Shelter Plus Care Grant Through City of New Orleans	14.238	\$219,587	\$345,579
Program Income-Shelter Plus		\$25,670	
Federal Emergency Management Association Through LA Road Home		\$164,819	\$164,819
Total Governmental Financial Assistance		<u>\$410,076</u>	<u>\$510,398</u>

Note: The accompanying schedule of expenditures of governmental financial assistance is prepared on the accrual basis of accounting.

*Major program as indicated by OMB Circular A-133

The accompanying notes are an integral part of these financial statements.



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**Independent Auditors' Report On Internal Control
Over Financial Reporting And On Compliance
And Other Matters
Based On An Audit Of Financial Statements Performed In Accordance With
Government Auditing Standards**

Board of Directors
Dr. M.W. McCaleb Educational Fund, Inc.
New Orleans, Louisiana

I have audited the financial statements of Dr. M.W. McCaleb Educational Fund, Inc. (McCaleb) as of and for the year ended December 31, 2010, and have issued my report thereon dated September 20, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered McCaleb's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McCaleb's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of McCaleb's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, I did identify a deficiency in internal control over financial reporting that I consider to be material weaknesses. They are identified as 10-01 and 10-02 in the schedule of findings.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McCaleb's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, McCaleb's Board of Directors, others within the entity, the Legislative Auditor for the State of Louisiana, federal awarding agencies and federal flow through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deemer CPA and Consulting Services LLC

September 20, 2011



CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
brendel@deemer@coi.com

**Report on Compliance With Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control Over Compliance in
Accordance With OMB Circular A-133
Compliance**

Board of Directors
Dr. M.W. McCaleb Educational Fund, Inc.
New Orleans, Louisiana

I have audited the compliance of Dr. M.W. McCaleb Educational Fund, Inc. (McCaleb) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. McCaleb's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of McCaleb's management. My responsibility is to express an opinion on McCaleb's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about McCaleb's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of McCaleb's compliance with those requirements.

In my opinion, McCaleb complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

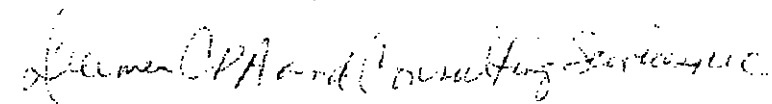
Management of McCaleb is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I

considered McCaleb's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of McCaleb's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management. McCaleb's Board of Directors, City of New Orleans, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


September 20, 2011

Dr. M. W. McCaleb Educational Fund, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

I have audited the financial statements of Dr. M.W. McCaleb Educational Fund, Inc. as of and for the year ended December 31, 2010, and have issued my report thereon dated September 20, 2011. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. I have summarized my audit of the financial statements as of December 31, 2010.

1. Summary of Auditor's Results

- A. Control Deficiencies were disclosed by the audit of the financial statements: **Yes**
Material Weaknesses: **Yes**
- B. Noncompliance which is material to the financial statements: **No**
- C. Control Deficiencies over major programs: **No**
Material Weaknesses: **No**
- D. The type of report issued on compliance for major programs: **Unqualified Opinion**
- E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **No**
- F. Major program: Shelter Plus Care Grant, U.S. Department of Housing and Urban Development, **CFDA Number 14.238.**
- G. Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- H. Auditee qualified as a low-risk audited under section 530 of OMB Circular A-133: **No**

Dr. M.W. McCaleb Educational Fund, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2010

10-01 Late Reporting

Criteria:

The State of Louisiana audit law requires that the agency complete its audit within six months following their fiscal year end.

Condition:

The agency did not engage an independent auditor in a timely manner.

Cause:

The agency did not perform its yearly close-out in a timely manner.

Effect:

The agency's financial report was not submitted timely to the State of Louisiana Legislative Auditor's office.

Recommendation:

It is recommended that the agency maintain monthly financial statements to ensure completion of year- end financial statements in a timely manner.

10-02 Unverifiable Land and Buildings

Criteria:

The State of Louisiana audit law requires that the agency provide an audit trail for account balances.

Condition:

The agency's fixed asset detail included \$156,306 in unverifiable land and buildings.

Cause:

The agency did not maintain a complete detailed fixed assets register.

Effect:

The agency's audit report is qualified.

Recommendation:

It is recommended that the agency research the \$156,306 amount and make appropriate adjustments to the financial statements or label the amount in the fixed assets ledger as appropriate.

Dr. M.W. McCaleb Educational Fund, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2010

The agency did not have a prior year audit.



DR. MURPHY W. MCCALED EDUCATIONAL FUND, INC.

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November 7, 2011

State Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Dr. M. W. McCaleb Educational Fund, Inc.
Independent Auditor's Report, December 31, 2010

This letter is in response to the Independent Auditor's Report for the year ended December 31, 2010. The report was prepared by Decmer, CPA & Consulting, LLC.

The audit opinion indicates that the auditor was not able to document \$156,306.00 in fixed assets. After reviewing the fixed asset listing, it was noted that two (2) properties were inadvertently omitted and were not recognized during the audit process. The total historical costs of these properties are \$147,000.00. This still leaves a balance of \$9,306.00 that the agency has not documented. The agency will continue our research to determine the fixed assets that make-up the entire balance. As a corrective action, the agency will ensure that future fixed assets are recorded to the fixed asset ledger immediately upon acquisition.

The audit finding stated that the agency did not engage an independent auditor in a timely manner. As a corrective action, the agency maintains monthly financial statements to ensure completion of year-end financial statements in a timely manner to adhere to the State of Louisiana audit law requiring that the agency complete its audit within six months following their fiscal year end. In addition, the agency is committed to contracting an auditor within two months following its year-end financials to ensure timely reporting to the State of Louisiana and federal government.

Respectfully Submitted,

Rev. Willie Gable, Jr.

Rev. Willie Gable, Jr., D.Min.
Executive Director